



PRESS RELEASE

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TWO INDICTED FOR MORTGAGE FRAUD CONSPIRACY

PHOENIX – A federal grand jury here returned a 10-count indictment on March 8, 2005, against Leonel Estrella, 33, and Maria Carmen Garcia, 42, both of Phoenix. The federal indictment charges Estrella and Garcia with violating Title 18 U.S. Code, Sections 371, Conspiracy and with six counts of violating Section 1010, HUD Fraud. Estrella is also charged with three counts of violating Title 18 U.S. Code, Section 1344, Bank Fraud.

The indictment alleges that Estrella, a licensed real estate agent, and Garcia, a loan officer, conspired to knowingly submit false statements to HUD while employed at various realty and mortgage companies in the Phoenix metropolitan area. The pair submitted falsified employment and income documents as well as credit reports to HUD in order to qualify their mutual clients for FHA-insured home loans. The indictment also alleges that Estrella knowingly executed a scheme to defraud Washington Mutual Bank by preparing false wage documents which were submitted to Washington Mutual Bank in order to obtain conventional home loans for his clients.

The indictment further alleges that as a result of Estrella and Garcia's fraudulent scheme, FHA-insured mortgages in excess of \$1,500,000 were issued and that Estrella arranged to obtain another \$1,500,000 in fraudulent loans from Washington Mutual Bank secured by conventional mortgages. The indictment lists that Estrella's real estate commissions were in excess of \$96,000 and Garcia received more than \$34,000 arising from the fraudulent conduct. Both defendants have been summoned for an arraignment on March 23, 2005 before a U.S. Magistrate.

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A conviction for Conspiracy carries a maximum penalty of five years in prison, a \$250,000 fine or both. HUD Fraud is punishable with a maximum of two years in prison, a \$250,000 fine or both. Bank Fraud carries a maximum penalty of 30 years in prison, a \$1,000,000 fine or both.

An indictment is simply the method by which a person is charged with criminal activity and raises no inference of guilt. An individual is presumed innocent until competent evidence is presented to a jury that establishes guilt beyond a reasonable doubt.

The investigation preceding the indictment was conducted by Special Agents of the Office of Inspector General, U.S. Department of Housing and Urban Development. The prosecution is being handled by Richard I. Mesh, Assistant U.S. Attorney, District of Arizona, Phoenix.

CASE NUMBER: CR-05-0183-PHX
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